

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



July 13, 2005

Advice Letter 2640-G|2673-E

Ms Rose de la Torre
Pacific Gas and Electric Company
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Line Extension Agreement for Kern Water Bank Authority

Dear Ms de la Torre:

Advice Letter 2640-G|2673-E is effective June 14, 2005. A copy of the advice letter is sent herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher
Director
Energy Division



**Pacific Gas and
Electric Company®**

Brian K. Cherry
Director
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

Mailing Address
Mail Code 810C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Internal: 223.4977
Fax: 415.973.7226
Internet: BKC7@pge.com

June 14, 2005

Advice 2640-G/2673-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Line Extension Agreement for Kern Water Bank Authority

Pursuant to Section X.B of General Order 96-A, Pacific Gas and Electric Company (PG&E) hereby submits a Master Agreement between PG&E and the Kern Water Bank Authority ("KWBA"), a joint power authority consisting of five water districts and a mutual water company.¹ This agreement provides for the construction of line extensions to connect ten new pumps at the Kern Water Bank, the largest water banking project in the history of California. Pacific Gas and Electric Company (PG&E) hereby also submits for filing revisions to its gas and electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.

Background

Under a conservation plan established with the U.S. Fish and Wildlife Service and the California Department of Fish and Game, nearly 20,000 acres of land near Bakersfield has been set aside for habitat and community conservation. Nearly half of the land is set aside for ground water recharge and farming. The water recharge facility enables farmers to meet their water needs, despite the fluctuations in the amount of water available through rainfall and allocations from the California Aqueduct.

KWBA has a water storage capacity of approximately one million acre-feet. Electric pumps are used to move water to recovery channels for distribution to local water districts and the California Aqueduct. KWBA plans to install nine additional pumps by January 2006. By its very nature, KWBA will need to operate the electric pumps primarily in dry years, when there is insufficient water from other sources. Consequently, its electric usage is expected to vary widely from year to year.

¹ Wheeler Ridge-Maricopa Water Storage District, Semitropic Water Storage District, Dudley Ridge Water District, Westside Mutual Water Company, Tejon-Castaic Water, and District-Improvement District 4 of the Kern County Water Agency.

Under the Master Agreement, attached hereto as Exhibit A, PG&E and KWBA will enter into Exceptional Case Distribution Service and Line Extension Agreements (Exceptional Case Agreements) for the construction of facilities to connect the new pumps. These Exceptional Case Agreements will be in the form set forth in Appendix 1 to the Master Agreement, which reflects modifications to PG&E's standard distribution service and line extension agreements.

Rather than performing an annual review of the customer's account as set forth in PG&E Electric Rule 15, the exceptional Case Agreement provides for a ten-year review period, which will allow a more meaningful calculation of KWBA's electric loads. If, at the end of the ten-year period, actual revenues are higher than estimated, KWBA will be entitled to a refund of any refundable balance in the extension account; if actual revenues are lower than the allowances initially granted, PG&E will issue a "deficiency bill" to KWBA for the difference.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than 20 days after the date of this filing, which is **July 4, 2005**. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Pacific Gas and Electric Company
Attention: Brian Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Effective Date

PG&E requests that this filing be effective **June 14, 2005**, which is the date of filing.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>

Brian H. Cherry
Director - Regulatory Relations *AWS*

Attachments

cc: Kern Water Bank Authority

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39)**

Utility type:

ELC GAS

PLC HEAT WATER

Contact Person: Anita Smith

Phone #: **(415) 973-2467**

E-mail: **aws4@PGE.COM**

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2640-G/2673-E**

Subject of AL: Line Extension Agreement for Kern Water Bank Authority (KWBA)

Keywords (choose from CPUC listing):

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: Not applicable

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: **06/14/2005**

No. of tariff sheets: Six

Estimated system annual revenue effect (%): None

Estimated system average rate effect (%): None

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: List of Contracts and Deviations

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry

Director, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

¹ Discuss in AL if more space is needed.

**ATTACHMENT 1
Advice 2640-G**

| Cal P.U.C. Sheet No. | Title of Sheet | Cancelling Cal P.U.C. Sheet No. |
|---------------------------------|--|--|
| 23204-G | List of Contracts and Deviations | New |
| 23205-G | Table of Contents --Maps, Contracts & Deviations | 22438-G |
| 23206-G | Table of Contents--Rate Schedules | 23181-G |

Advice 2673-E

| | | |
|---------|--|---------|
| 23618-E | List of Contracts and Deviations | 20482-E |
| 23619-E | Table of Contents--Maps, Contracts & Deviatons | 21637-E |
| 23620-E | Table of Contents--Rate Schedules | 23403-E |



LIST OF CONTRACTS AND DEVIATIONS
(Continued)

| Name and Location of Customer PG&E Installation Reference No. | Type or Class of Service | Execution and Expiration Dates | Commission Authorization Number and Date | Most Comparable Regular Tariff | | |
|--|--------------------------------|---|---|-----------------------------------|---------------------|-----------------|
| | | | | Schedule or Rule No. | Contract Difference | |
| SAN JOAQUIN VALLEY REGION | | | | | | |
| <u>Other Public Agencies</u> | | | | | | |
| Kern Water Bank Authority | Coml | 5-9-05 | - Advice 2640-G 2673-E | Rule 2,15,16 | Master Agreement | (N) (N) |

(Continued)

Advice Letter No. 2640-G
Decision No.

Issued by
Karen A. Tomcala
Vice President
Regulatory Relations

Date Filed June 14, 2005
Effective June 14, 2005
Resolution No. _____



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SHEET NO.

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| Enhanced Oil Recovery and Related Cogeneration | 7277-G |
| Shasta and North Tehama Counties..... | 12926,12927-G |
| San Bernardino County..... | 7689-G |
| Ione Service Area | 20350-G |
| Former McClellan Air Force Base Service Area | 22436-G |
| Presidio of Monterey, Monterey County..... | |

LIST OF CONTRACTS AND DEVIATIONS:

| | |
|-------|--|
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(T)



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| GM | Master-Metered Multifamily Service | 23165,22851,23019-G |
| GS | Multifamily Service | 23166,23021,18601-G |
| GT | Mobilehome Park Service | 23167,23023-G |
| G-10 | Service to Company Employees | 11318-G |
| GL-1 | Residential CARE Program Service | 23168,23025-G |
| GML | Master-Metered Multifamily CARE Program Service | 23169,22858,23027-G |
| GSL | Multifamily CARE Program Service | 23170,23171,23030-G |
| GTL | Mobilehome Park CARE Program Service | 23172,23173,23033-G |
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NONRESIDENTIAL

| | | |
|-------|---|---|
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| G-EG | Gas Transportation Service to Electric Generation | 22894,22895,22525,22173-G |
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LIST OF CONTRACTS AND DEVIATIONS
(Continued)

| Name and Location of Customer PG&E Installation Reference No. | Type or Class of Service | Execution and Expiration Dates | Commission Authorization Number and Date | Most Comparable Regular Tariff | |
|---|--------------------------------|---|--|-----------------------------------|--|
| | | | | Schedule or Rule No. | Contract Difference |
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| Madera Irrigation District Madera Canal Madera County (Assigned from USDOl Bureau of Reclamation) | Coml/Ind | 3-17-80 | - | Rule 15 Sect. E.7 | Monthly Cost of Ownership Charge |
| Tranquility Public Utility District Tranquility, Fresno County | Coml | 3-25-80 - | - | Rule 15 Sect. E.7 | Cost of Ownership Charge |
| Madera Irrigation District Madera Canal (6.1) Madera County (Assigned from USDOl Bureau of Reclamation) | Coml | 4-19-80 | - | Rule 15 Sect. E.7 | Monthly Cost of Ownership Charge |
| Kern County Water Agency | Coml | 1-22-81 | - | Rule 15 D.7 | Cost of Ownership Charge |
| Turlock Irrigation District (TID) | Coml/Ind | 8-11-03 | Decision 03-04-032 Application 02-01-012 Advice 2397-E | - | Service Area Agreement and Asset Sale Agreement (T) |
| Kern Water Bank Authority | Coml | 5-9-05 | - Advice 2640- G/2673-E | Rule 2,15,16 | Master Agreement (N) (N) |

Advice Letter No. 2673-E
Decision No.

Issued by
Karen A. Tomcala
Vice President
Regulatory Relations

Date Filed June 14, 2005
Effective June 14, 2005
Resolution No.



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Advice Letter No. 2673-E-A
Decision No.

Issued by
Karen A. Tomcala
Vice President
Regulatory Relations

Date Filed June 14, 2005
Effective June 14, 2005
Resolution No.



**MASTER AGREEMENT
Kern Water Bank Authority**

DISTRIBUTION:
 Applicant (original)
 Division (original)

REFERENCES:
E-PM #
G-PM #
E-Ord #
G-Ord #
Bill Doc #
MLX #

This Master Agreement is made and entered into as of May 9, 2005, by and between the KERN WATER BANK AUTHORITY ("KWBA"), a Joint Powers Authority, and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"), a California corporation (collectively, the "Parties").

RECITALS

- A. KWBA is a Joint Power Authority consisting of five water districts (Wheeler Ridge-Maricopa Water Storage District; Semitropic Water Storage District; Dudley Ridge Water District; Westside Mutual Water Company; and Tejon-Castaic Water District) and Improvement District 4 of the Kern County Water Agency.
- B. KWBA owns and operates the Kern Water Bank, a water recharge facility established in 1995 for the primary purpose of providing supplemental water supplies for members of the KWBA by storing water in aquifers during times of surplus and recovering that water during times of shortage.
- C. PG&E is a privately-owned gas and electric utility company that provides electric service within Kern County and serves the Kern Water Bank's pumping loads.
- D. KWBA plans to install ten (10) additional electric pumps by January 2006 to move water to recovery channels for distribution to local water districts and the California Aqueduct. These electric pumps will operate primarily in dry years, when there is insufficient water from other sources.
- E. KWBA has requested, and PG&E has agreed, to modify PG&E's standard distribution service and line extension agreements as set forth herein to accommodate KWBA's anticipated fluctuations in electric load in support of the State of California's water management objectives.

AGREEMENT

1. KWBA has selected PG&E to design and install distribution and service extension facilities to ten (10) new electric pumps that KWBA will install on its property.
2. For each of the locations requiring the installation of distribution and service extension facilities, the Parties shall enter into an Exceptional Case Distribution and Service Extension Agreement (Exceptional Case Agreement) in the form attached hereto as Attachment 1 prior to the commencement of construction.
3. The nine locations that are the subject of this Master Agreement are identified in Attachment 2 - Location Map. PG&E is under no obligation to install facilities for KWBA at any other location under terms that differ from PG&E's standard tariffs and contracts on file with the CPUC.

4. This Master Agreement and the Exceptional Case Agreements entered into pursuant hereto shall be governed by PG&E's tariffs and rules on file with the California Public Utilities Commission (CPUC), including but not limited to Electric Rules 2, 15, and 16, and the General Terms and Conditions for Gas and Electric Service by Applicant, receipt of which is hereby acknowledged by KWBA. In the event of any discrepancy between PG&E's tariffs and rules and the provisions of the Master Agreement and/or the Exceptional Case Agreements, the provisions of this Master Agreement and the Exceptional Case Agreements shall prevail.

5. This Master Agreement shall terminate upon the termination of all of the Exceptional Case Agreements entered into pursuant hereto. Termination of this agreement shall have no effect on the Parties' obligations with respect to refunds or payments due under the Exceptional Case Agreements.

IN WITNESS WHEREOF, this Agreement are executed and agreed to by the Parties as of the date first above written.

Dated: May 9, 2005

PACIFIC GAS AND ELECTRIC COMPANY

By: Mike Vaeni

Name: Mike Vaeni

Title: Area 4 OMC Director

Dated: 3-7-05

KERN WATER BANK AUTHORITY

By: Jon M

Name: Jon Parker

Title: General Manager

ATTACHMENT 1



Pacific Gas and Electric Company Exceptional Case
DISTRIBUTION AND SERVICE EXTENSION AGREEMENT*
KERN WATER BANK AUTHORITY

Internal PG&E use
Distribution list:

Internal PG&E use
References:

1. As indicated in the Declarations, Kern Water Bank Authority (KWBA) has elected to have competitive bidding and has awarded a qualified Contractor or PG&E the responsibility of installing gas and electric service, as applicable, to the locations described in Attachment 2 of the Master Agreement. These services shall be installed in accordance with the provisions of PG&E's Rules 2, 15 and 16, General Terms and Conditions, project specific terms and conditions, design, specifications, and the requirements of this Agreement.

2. **Construction Responsibilities of KWBA.**

KWBA shall perform or arrange for the performance of the following work required for this project:

Electric Extensions:

- Route clearing, tree trimming, trenching, excavating, backfilling, and compacting;
- Furnishing of imported backfill material as required and disposal of trench spoil as required;
- Performing necessary surface repair and boring as required;
- Furnishing, installing, and transferring ownership to PG&E of any substructures, conduits, and protective structures required other than the conduit portion of cable-in-conduit (Rule 15 only);
- Obtaining any necessary construction permits for all work performed by KWBA under this Agreement.

Electric Underground Extensions:

- Installing primary and secondary distribution conductors, poles, pole risers, switches, transformers, and other distribution facilities required to complete the extension.

Electric Overhead Extensions:

- Installing all facilities required for the pole line extension, including poles, conductors, transformers, switches, and other devices as might be required.

Gas Extensions:

- Installing gas distribution main pipe, valves, and other related distribution equipment, as specified by PG&E, required to complete the extension including all necessary trenching, backfilling, and other digging as required.
- Furnishing, installing and upon acceptance by PG&E, conveying to PG&E the ownership of all necessary installed substructures and protective structures necessary to contain or support PG&E's gas facilities.

KWBA agrees to secure and pay for all required permits and licenses which may be required to fulfill the construction responsibilities from the governmental authority having jurisdiction.

KWBA shall provide to PG&E, prior to PG&E preparing the line extension contract, KWBA's Contract Anticipated Costs to perform the work normally provided by PG&E. KWBA shall submit, on a form provided by PG&E, a verified statement of such costs. If KWBA elects not to provide such costs to PG&E, KWBA shall acknowledge its election on the form and PG&E will use its estimate.

* Automated Document, Preliminary Statement, Part A

Kern Water Bank
Tariffs and Compliance
Advice
Decisions
Effective Date:

If KWBA elects to have PG&E perform this work, KWBA shall pay to PG&E, as specified herein and before the start of construction, PG&E's estimated-installed costs thereof.

KWBA shall also pay to PG&E the costs for substructures and conduits which PG&E had previously installed at its own expense in anticipation of the current extension. Any necessary riser conduit, conduit covering, and miscellaneous riser material required for the line extension shall be paid for by KWBA and shall be installed by PG&E on PG&E owned and maintained facilities.

Upon completion of construction by KWBA and inspection and acceptance by PG&E, title and ownership for the gas and electric facilities installed under this Agreement shall vest in PG&E in accordance with the Acceptance and Conveyance section of this Agreement and as specified in the respective rule.

3. Construction Responsibilities of PG&E.

Except as otherwise provided in the rules, PG&E shall be responsible for:

- Providing inspection service to verify KWBA's performance under this Agreement, as determined by PG&E; and
- Connecting KWBA-installed facilities to PG&E's energized and pressurized supply system (system tie-in work), as applicable.

PG&E will perform its construction responsibilities for the installation of only those facilities that, in PG&E's judgment, will be used within a reasonable time to serve permanent loads.

4. Power Quality and Voltage Stability.

Under normal load conditions, PG&E will deliver sustained voltage as close to the nominal service voltages that are economically practical. Any deviations from the normal voltage levels will be no greater than the service voltage ranges specified in PG&E's Electric Rule 2. Exceptions to voltage limits are specified in PG&E's Electric Rule 2. KWBA is responsible for planning, designing, operating and protecting equipment beyond PG&E's delivery point.

5. Rule 16 Service Extensions. Service Extensions will be installed in accordance with PG&E's Gas and Electric Rule 16. KWBA shall be responsible for all service trenching.

6. Street Lighting Facilities. If any street lighting facilities are to be installed, the installation shall be made in accordance with PG&E's applicable street and highway lighting schedule(s).

7. Overhead to Underground Conversions. In the event there is replacement of existing overhead electric facilities with underground facilities in conjunction with this project, the conversion shall be made in accordance with the applicable provisions of PG&E's Electric Rule 20.

In the event that there is an Electric Rule 20.B or 20.C conversion in conjunction with this project, KWBA shall, at its expense, provide any necessary changes to the existing facilities so as to receive underground electric service at the points specified by PG&E. Underground electric service will not be energized until all affected premises are equipped to receive service in accordance with specifications and inspection has been received from the governing jurisdiction.

KWBA shall not work on facilities owned by PG&E.

8. Allowances and Payments.

KWBA shall pay to PG&E on demand and in advance of any construction, a refundable payment, shown in Exhibit A, less any allowances shown therein, for any PG&E costs associated with the

extension for the estimated costs of design, administration and the installation of any additional facilities necessary to complete the extension, including, but not limited to:

- engineering and administrative costs,
- system tie-in work,
- any applicable taxes.

INSPECTION FEES: A payment for PG&E's estimated cost for the inspections by PG&E of work performed by KWBA or KWBA's contractor, shown in Exhibit A, which shall be a fixed amount, not subject to reconciliation. Such inspection costs may be subject to otherwise available allowances and refund up to the difference between KWBA's Contract Anticipated Costs and PG&E's estimate for performing the same work. Inspections costs are otherwise non-refundable. The total amount subject to refund shall not exceed PG&E's refundable cost estimate.

NON-REFUNDABLE: A non-refundable payment, shown in Exhibit A, for costs which may include, but are not limited to:

- re-engineering fees,
- preparation fees for trench composite drawings,
- survey and land rights acquisition costs,
- any applicable taxes.

ALLOWANCES: Allowances for permanent residential and non-residential service are provided in accordance with Gas and Electric Rule 15 and are included in Exhibit A, as applicable.

ITCC: All contributions and advances by KWBA are taxable and shall include an Income Tax Component of Contributions (ITCC) at the rate provided in PG&E's Preliminary Statement. ITCC will be either refundable or non-refundable in accordance with the corresponding contribution.

9. Amount Subject to Refund/Deficiency Bill.

The total refundable amount set forth in Exhibit A - Cost Summary shall be subject to refund, without interest, on the basis of a new customer's permanent load connected to the line extension that produces additional revenue to PG&E in accordance with the following provisions:

PG&E shall track KWBA's actual base annual revenue for ten years from the effective date of the Master Agreement. The aggregate total base annual revenue of all projects identified in the Master Agreement will be matched against total aggregate project costs of the same identified projects, and PG&E shall review and issue a refund or deficiency bill accordingly no sooner than ten years after the effective date of the Master Agreement. Alternatively, KWBA may request a review at any time during the term of the Master Agreement if KWBA believes the revenue has satisfied any remaining refundable amount. If upon review, the revenue has exceeded the amount of the allowances granted and any remaining refundable amount, this Agreement and the Master Agreement shall terminate except as otherwise provided in paragraph 20.

Gas-only Trenching: If KWBA chooses to perform trenching for PG&E's gas facilities, and qualifies for a gas extension allowance, PG&E will provide KWBA with a reimbursement or credit for the lower of PG&E's project-specific estimated costs or KWBA's Contract Anticipated Costs, as reported on KWBA's Statement of Costs form (Form # 79-1003), upon completion and acceptance by PG&E.

Outstanding Payments: KWBA or subsequent assignees of this Agreement shall not be eligible for refunds if there are any outstanding payments due PG&E.

10. Unsupported Extension Cost.

When any portion of the refundable amount has not qualified for a refund at the end of the tenth (10) year from the date of the Master Agreement was signed, KWBA will pay to PG&E a one time cost-of-ownership charge on the remaining refundable balance. Cost of ownership charges are in addition to the amount in the refundable balance. Such ownership charges shall be determined from the applicable percentage rate established in the Special Facilities section(s) of PG&E's Gas or Electric Rule 2.

11. Payment Adjustments.

Contract Compliance. If after one (1) year following the date PG&E is first ready to serve the loads for which allowances were granted, KWBA fails to take service, or fails to use the service contracted for, KWBA shall pay to PG&E an additional contribution as excess facilities. Each extension under the Master Agreement will be assessed separately.

Excess Facilities: If the loads provided by KWBA(s) results in KWBA, the approved contractor or PG&E having installed facilities which are in excess of those needed to serve the actual loads, PG&E may elect to do the following: (1) KWBA shall pay PG&E its estimated cost to remove, abandon, alter, or replace the excess facilities, including those facilities that PG&E reinforced, enlarged, or replaced in anticipation of KWBA's proposed load, less the estimated salvage for any removed facilities, or (2) KWBA shall pay PG&E any Special Facilities charges in accordance with PG&E's Rule 2 for those facilities, including those facilities that PG&E reinforced, enlarged, or replaced in anticipation of KWBA's proposed load, which are in excess of those facilities needed to serve KWBA's actual load. The total cost of the facilities PG&E reinforced, enlarged, or replaced are shown in Exhibit A.

Deficiency Charges for Non-Payment: KWBA shall pay PG&E for any administrative and processing charges associated with collecting any payment adjustments related to this Agreement.

12. Non-Refundable Amount.

Discount Option: Competitive Bidding - Installation by KWBA Not available under the terms of this Agreement.

Discount Option: Competitive Bidding - Installation by PG&E Not available under the terms of this Agreement.

Excess Service: PG&E's estimated installed costs for Service Extensions in excess of the allowance, not subject to discount, as defined in PG&E's Gas and Electric Rule 16 as shown in Exhibit A - Cost Summary are non-refundable.

Other Non-refundable Amounts. KWBA shall pay to PG&E a fixed amount as a non-refundable payment, shown in Exhibit A, for the inspections by PG&E of Distribution System work performed by KWBA or KWBA's contractor, to the extent that such costs are not covered by allowances according to Provision 8 of this document, as well as other non-refundable costs which may include, but are not limited to:

- re-engineering fees,
- preparation fees for trench composite drawings,
- survey and land rights acquisition costs,
- any applicable taxes.

13. Non-Standard Equipment Installation and Removal.

When the situation requires the location, installation, maintenance, repair and replacement of specialized or non-standard utility-owned equipment (Equipment) necessary to provide utility service or perform utility work, KWBA agrees to pay the costs to install PG&E's equipment. KWBA further

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* Automated Document, Preliminary Statement, Part A

agrees that, should the Equipment need to be replaced for any reason, it shall be KWBA's responsibility to make arrangements and to pay the cost to have the equipment removed and replacement equipment installed. PG&E shall be responsible for furnishing and delivering any replacement to the site. PG&E hereby agrees to the Equipment location on the following terms and conditions:

- KWBA shall furnish, install, own and maintain the Equipment area within or upon his building at his sole cost. The construction of the area shall comply with all applicable building code requirements. The site, access, location, and arrangement of the facilities shall be subject to PG&E's prior written approval, and any changes or additions thereto shall be made only after PG&E's prior written approval. Except for required area maintenance by KWBA, under PG&E's supervision, KWBA shall not have access to the Equipment area.
- KWBA shall make proper arrangements and pay all the costs associated with the initial and all subsequent installations and removals of PG&E's Equipment into the Equipment area.
- KWBA shall furnish, install, own and maintain all primary and secondary conduits within the property line at his sole cost. The plans for the installation of the secondary service facilities termination details, and other associated facilities installed by KWBA for PG&E use shall be subject to PG&E's prior written approval and shall comply with all applicable code requirements.
- KWBA accepts responsibility for any service interruption that may result from PG&E not having clear access to the Equipment area.

14. General Access.

Where it is necessary for PG&E to install facilities on KWBA's premises, KWBA hereby grants to PG&E: (a) the right to install, own and maintain such facilities on KWBA's premises together with sufficient legal clearance between all structures now or hereafter erected on KWBA's premises; (b) the right to enter and leave KWBA's premises for any purpose connected with the furnishing of gas and electric service (meter reading, inspection, testing, routine repairs, maintenance, replacement, emergency work, etc.) and the exercise of any and all rights secured to it by law, or under PG&E's tariff schedules.

15. Land Rights.

Where formal rights-of-way, easements, land leases, or permits are required by PG&E for the installation of the facilities on or over KWBA's property, or the property of others, KWBA understands and agrees that PG&E shall not be obligated to install the Facilities or accept the facilities installed by KWBA or the approved contractor unless and until any necessary permanent rights-of-way, easements, land leases, or permits, satisfactory to PG&E, are granted to or obtained for PG&E without cost to or condemnation by PG&E; however, if PG&E is unable to obtain such land rights, KWBA shall obtain them. Such easement shall include the right of access and right to trim trees as necessary to maintain required legal clearances from overhead wires.

16. Acceptance and Conveyance.

In accordance with the PG&E's General Terms and Conditions attached, and upon (a) PG&E's receipt of any required formal rights-of-way, easements, leases, and permits, and (b) PG&E's pressurization and energization of facilities installed by KWBA, KWBA hereby grants and conveys to PG&E, its successors and assigns, all rights, title and interest in and to all such work and facilities, free and clear of all liens and encumbrances.

17. Safety Precautions.

KWBA shall ascertain the location of all existing gas and electric facilities of PG&E within the scope of KWBA's construction area and inspect the area initially and periodically during construction to verify the location of all existing and new PG&E facilities. KWBA and PG&E shall perform all work in compliance with applicable federal, state, and local laws, rules and regulations. KWBA shall inform all persons doing work in proximity of the location of PG&E's facilities and ensure that all work of non-PG&E employees is planned and conducted in a manner to safeguard persons and property from injury. Work performed in close proximity to PG&E's energized electric facilities and pressurized gas facilities also shall be performed in accordance with established Cal-OSHA safety rules and practices, and as may be directed by PG&E. Only personnel duly authorized by PG&E are allowed to connect or disconnect conductors from PG&E-owned Service Facilities, or perform any work upon PG&E-owned existing facilities.

18. Delays in Construction.

- **Force Majeure.** PG&E shall not be responsible for any delay in either the performance of KWBA's responsibilities under this Agreement, or the installation or completion of the facilities by PG&E resulting from shortage of labor or materials, strike, labor disturbance, war, riot, weather conditions, governmental rule, regulation or order, including orders or judgments of any court or commission, delay in obtaining necessary land rights, act of God, or any other cause or condition beyond the control of PG&E.
- **Resources.** PG&E shall have the right, in the event it is unable to obtain sufficient supplies, materials, or labor for all of its construction requirements, to allocate materials and labor to construction projects which it deems, in its sole discretion, most important to serve the needs of its customers. Any delay in construction hereunder resulting from such allocation shall be deemed to be cause beyond PG&E's control.
- **Inflation.** In the event that PG&E is prevented from commencing the installation of the facilities for reasons beyond its reasonable control within twelve months following the effective date of this Agreement, PG&E shall have the right to revise the cost figures to reflect any increases in costs since the original costs were determined. PG&E shall notify KWBA of such increased costs and give the option to either terminate this Agreement or pay PG&E the additional charges.

19. Change Orders and Relocations.

All standard design or construction changes made in the field, which impact the charges to KWBA, will be made using PG&E's Agreement Change Order. These field changes, including unforeseen field conditions which may result in additional work or costs by KWBA, the approved contractor or PG&E, may require sketch revisions of Exhibit B. Unforeseen field conditions include, but are not limited to, contaminated soil, obstructions, and weather conditions. The proper execution and attachment of the Agreement Change Order, and any necessary changes to supersede Exhibit A resulting from the change order, constitutes formal amendment to this Agreement. KWBA shall pay PG&E for any such changes in accordance with the appropriate tariff.

EXCEPTION: If the requested changes are in addition to or substitution for the standard Facilities that PG&E would normally install, then a Special Facilities Agreement shall be required under the provisions of Section I of Rule 2.

20. Termination of Agreement.

In the event KWBA has not fulfilled its obligations under this Agreement within twelve (12) months following the date of this Agreement, and PG&E is unable to proceed hereunder, PG&E shall have the right to terminate and/or supersede this Agreement upon thirty (30) days' written notice to KWBA. Upon such notice PG&E will calculate any refundable or additional non-refundable amounts that may

be due based on that portion of the distribution system then completed, utilizing the estimated costs developed by PG&E for this Agreement. Any superseding Agreement shall be in the same form as this Agreement and shall be executed by the parties hereto and shall identify that costs be allocated to the portion of the Distribution System then completed, if any, consistent with those costs estimated by PG&E for this Agreement.

If this Agreement is terminated as set forth above, KWBA further agrees to forfeit that portion of the advance paid to PG&E for its expenses covering any engineering, surveying, right-of-way, removal, acquisition and other associated work incurred by PG&E. If such expenses are greater or less than the refundable and/or non-refundable payments, KWBA shall pay to PG&E, or PG&E shall refund the balance without interest, to KWBA, as the case may be.

Under no circumstances shall this Agreement terminate prior to the Warranty period if one as been provided by KWBA for applicant installation General Terms and Conditions.

21. Indemnification and Withholding.

INDEMNIFICATION: KWBA shall indemnify, defend and hold harmless PG&E, its officers, directors, agents, and employees, from and against all claims, demands, losses, damages, costs, expenses, and legal liability connected with or resulting from injury to or death of persons, including but not limited to employees of PG&E, KWBA, contractor or subcontractor; injury to property of PG&E, KWBA, or any third party, or to natural resources, or violation of any local, state or federal law or regulation, including but not limited to environmental laws or regulations, or strict liability imposed by any law or regulation; arising out of, related to, or in any way connected with KWBA's performance of this Agreement, however caused, regardless of any strict liability or negligence of PG&E, whether active or passive, excepting only such claims, demands, losses, damages, costs, expenses, liability or violation of law or regulation as may be caused by the active negligence or willful misconduct of PG&E, its officers, agents, or employees.

KWBA acknowledges that any claims, demands, losses, damages, costs, expenses, and legal liability that arise out of, result from, or are in any way connected with the release or spill of any legally designated hazardous material or waste as a result of the work performed under this Agreement are expressly within the scope of this indemnity, and that the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from the violation of any local, state, or federal law or regulation, attorney's fees, disbursements, and other response costs are expressly within the scope of this indemnity.

KWBA shall, on PG&E's request, defend any action, claim or suit asserting a claim covered by this indemnity. KWBA shall pay all costs that may be incurred by PG&E in enforcing this indemnity, including reasonable attorney's fees.

WITHHOLDING: In addition to any other right to withhold, PG&E may withhold from payments due KWBA hereunder such amounts as, in PG&E's opinion, are reasonably necessary to provide security against all loss, damage, expense, and liability covered by the foregoing indemnification provision.

22. Assignment of Contract.

KWBA may assign this Agreement, in whole or in part, only if PG&E consents in writing and the party to whom the Agreement is assigned (Assignee) agrees in writing, to perform the obligations of KWBA hereunder. Such assignment shall be made using PG&E's Assignment Agreement and shall be notarized. Assignment of this Agreement shall not release KWBA from any of the obligations under this Agreement unless otherwise provided therein, shall be deemed to include KWBA's right to any refunds then unpaid or which may thereafter become payable.

23. Joint and Several Liability.

Where two or more individuals or entities are joint applicants under this Agreement, PG&E shall direct all communications, charges and refunds to Applicant designated below, but all applicants shall be jointly and severally liable to comply with all terms and conditions herein.

24. Warranty.

As specified in PG&E's General Terms and Conditions, KWBA shall warrant that all materials and workmanship performed or otherwise provided by KWBA shall be free of all defects and fit for its intended purposes. The warranty begins with the date the facilities are energized or pressurized by PG&E and extends past the date of final acceptance of the Distribution System by PG&E for (a) one year covering equipment furnished and installed by KWBA or the approved contractor, and (b) two years plus, covering the trenching and backfilling. In the event KWBA's work or materials provided under this Agreement fails to conform to the warranty or are damaged as a result of any actions by a third party, KWBA shall reimburse PG&E its costs for the total cost of repair and/or replacement as deemed necessary by PG&E. Such reimbursements shall be non-refundable.

25. Effective Date and Term.

The term of this Agreement shall commence on the date this Agreement is signed and shall terminate commensurate with termination of the Master Agreement, except as otherwise provided for in paragraph 20. If KWBA is a corporation, partnership, joint venture or a group of individuals, the subscriber hereto represents that he or she has the authority to bind said corporation, partners, joint venture or individuals as the case may be.

26. Commission Jurisdiction.

This Agreement shall be subject to all of PG&E's applicable tariff schedules on file with and authorized by the Commission and shall at all times be subject to such changes or modifications as the Commission may direct from time to time in the exercise of its jurisdiction. These may include, but are not limited to changes or modifications to Monthly Cost-of-Ownership Charges (higher or lower percentage rates), extension rules, rate schedules, allowances and refund amounts.

PACIFIC GAS AND ELECTRIC COMPANY

Dated: _____

By: _____

Name: _____

Title: _____

KERN WATER BANK AUTHORITY

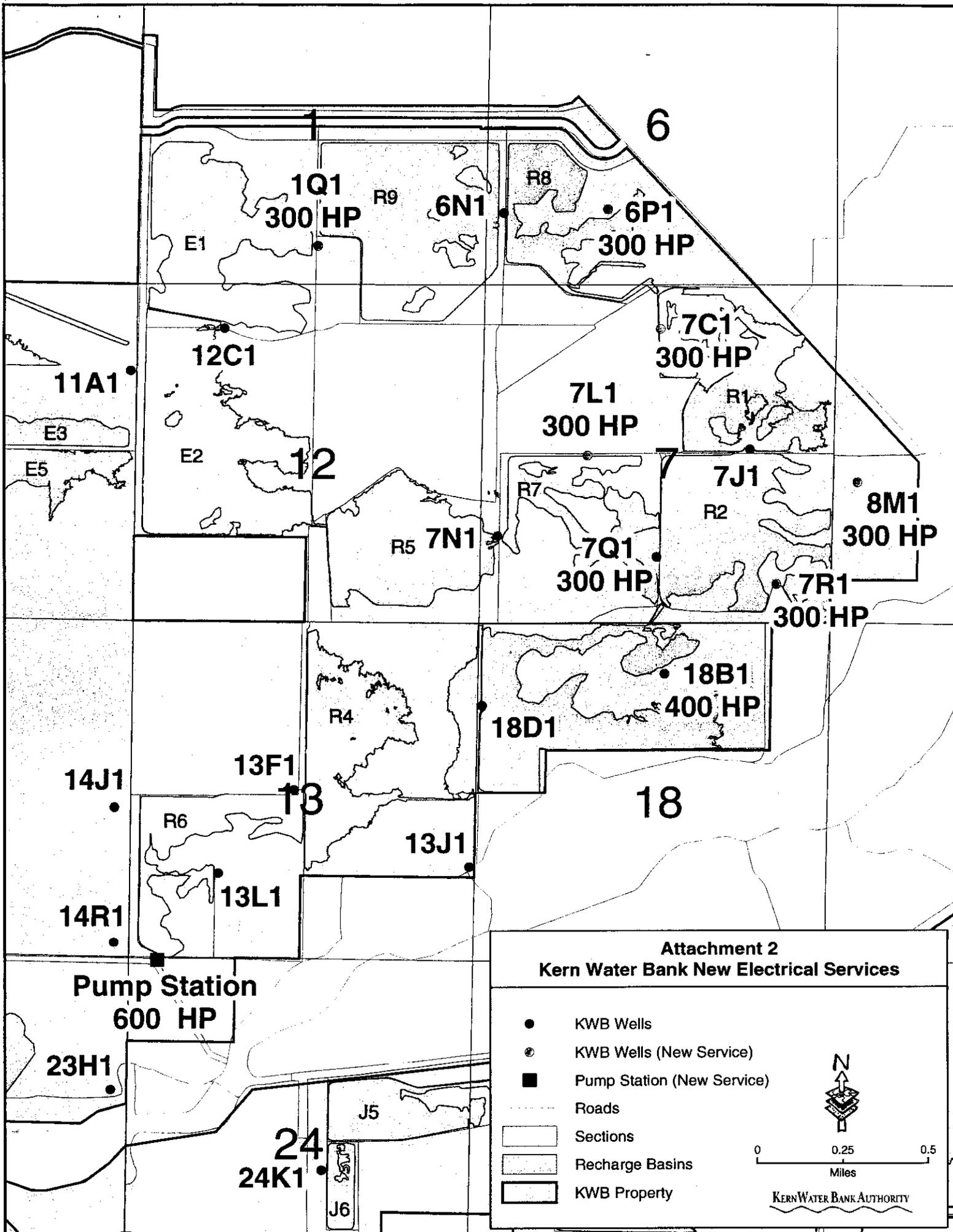
Dated: _____

By: _____

Name: _____

Title: _____

Address: _____



Attachment 2
Kern Water Bank New Electrical Services

| | |
|--------------|----------------------------|
| ● | KWB Wells |
| ◐ | KWB Wells (New Service) |
| ■ | Pump Station (New Service) |
| --- | Roads |
| □ (white) | Sections |
| □ (stippled) | Recharge Basins |
| □ (shaded) | KWB Property |

N



0 0.25 0.5
Miles

KERN WATER BANK AUTHORITY

**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

| | | |
|------------------------------------|--|---------------------------------------|
| ABAG Power Pool | DGS Natural Gas Services | PG&E National Energy Group |
| Accent Energy | DMM Customer Services | Pinnacle CNG Company |
| Aglet Consumer Alliance | Douglass & Liddell | PITCO |
| Agnews Developmental Center | Downey, Brand, Seymour & Rohwer | Plurimi, Inc. |
| Ahmed, Ali | Duke Energy | PPL EnergyPlus, LLC |
| Alcantar & Elsesser | Duke Energy North America | Praxair, Inc. |
| Anderson Donovan & Poole P.C. | Duncan, Virgil E. | Price, Roy |
| Applied Power Technologies | Dutcher, John | Product Development Dept |
| APS Energy Services Co Inc | Dynegy Inc. | R. M. Hairston & Company |
| Arter & Hadden LLP | Ellison Schneider | R. W. Beck & Associates |
| Avista Corp | Energy Law Group LLP | Recon Research |
| Barkovich & Yap, Inc. | Energy Management Services, LLC | Regional Cogeneration Service |
| BART | Exelon Energy Ohio, Inc | RMC Lonestar |
| Bartle Wells Associates | Exeter Associates | Sacramento Municipal Utility District |
| Blue Ridge Gas | Foster Farms | SCD Energy Solutions |
| Bohannon Development Co | Foster, Wheeler, Martinez | Seattle City Light |
| BP Energy Company | Franciscan Mobilehome | Sempra |
| Braun & Associates | Future Resources Associates, Inc | Sempra Energy |
| C & H Sugar Co. | G. A. Krause & Assoc | Sequoia Union HS Dist |
| CA Bldg Industry Association | Gas Transmission Northwest Corporation | SESCO |
| CA Cotton Ginners & Growers Assoc. | GLJ Energy Publications | Sierra Pacific Power Company |
| CA League of Food Processors | Goodin, MacBride, Squeri, Schlotz & | Silicon Valley Power |
| CA Water Service Group | Hanna & Morton | Smurfit Stone Container Corp |
| California Energy Commission | Heeg, Peggy A. | Southern California Edison |
| California Farm Bureau Federation | Hitachi Global Storage Technologies | SPURR |
| California Gas Acquisition Svcs | Hogan Manufacturing, Inc | St. Paul Assoc |
| California ISO | House, Lon | Stanford University |
| Calpine | Imperial Irrigation District | Sutherland, Asbill & Brennan |
| Calpine Corp | Integrated Utility Consulting Group | Tabors Caramanis & Associates |
| Calpine Gilroy Cogen | International Power Technology | Tansev and Associates |
| Cambridge Energy Research Assoc | Interstate Gas Services, Inc. | Tecogen, Inc |
| Cameron McKenna | J. R. Wood, Inc | TFS Energy |
| Cardinal Cogen | JTM, Inc | TransCanada's GTN & North Baja |
| Cellnet Data Systems | Kaiser Cement Corp | Transwestern Pipeline Co |
| Chevron USA Production Co. | Luce, Forward, Hamilton & Scripps | Turlock Irrigation District |
| Childress, David A. | Marcus, David | United Cogen Inc. |
| City of Glendale | Masonite Corporation | URM Groups |
| City of Healdsburg | Matthew V. Brady & Associates | Utility Cost Management LLC |
| City of Palo Alto | Maynor, Donald H. | Utility Resource Network |
| City of Redding | McKenzie & Assoc | Wellhead Electric Company |
| CLECA Law Office | McKenzie & Associates | Western Hub Properties, LLC |
| Constellation New Energy | Meek, Daniel W. | White & Case |
| Cooperative Community Energy | Mirant California, LLC | WMA |
| CPUC | Modesto Irrigation Dist | |
| Creative Technology | Morrison & Foerster | |
| Cross Border Inc | Morse Richard Weisenmiller & Assoc. | |
| Crossborder Inc | Navigant Consulting | |
| CSC Energy Services | New United Motor Mfg, Inc | |
| Davis, Wright Tremaine LLP | Norris & Wong Associates | |
| Davis, Wright, Tremaine, LLP | North Coast Solar Resources | |
| Defense Fuel Support Center | Northern California Power Agency | |
| Department of the Army | Office of Energy Assessments | |
| Department of Water & Power City | Palo Alto Muni Utilities | |